[Mr. K. George.]

Effect of enhanced Railway Fares.

93. MR. TRIVIKRAMAR VASUDEVAR: Will the Government be pleased to state the amount of the profit or loss, when compared with the previous year, from the Trivandrum-Shenkottah railway line for the period beginning with the date of increasing the fares?

MR. R. KRISHNA PILLAI: This information is not available as the accounts relating to the period after increasing the fares have not yet been received.

Shenkottah-Quilon Railway Loan.

94. MR. N. PADMANABHA PILLAI: (*a*) Will the Government be pleased to state the nature of the liability of Rs. 119 lakhs mentioned in paragraph 5, page 3, of the Financial Secretary's speech introducing the budget estimate for 1098 in the Legislative Council?

(*b*) Does this not represent the loan raised in England?

(*c*) What was the rate of interest guaranteed for this loan when it was raised?

(*d*) Is it a fact that this State has since had to pay interest at a higher rate? If so, why?

(*e*) Is it a fact that, in September 1919, the value of this security fell in the English market to £ 79 and the exchange rate to Rs. 6-as. 14?

(*f*) If so, why was that opportunity not availed of to redeem the debt, seeing that the whole liability of Rs. 119 lakhs could have been discharged with about a quarter of that amount?

(*g*) Will the Government be pleased to avail themselves of such favourable opportunities to redeem the debt with the sinking fund created for the purpose?

MR. K. GEORGE: (*a*) The liability at the close of the 31st March, 1922, was about Rs. 132½ lakhs, inclusive of about Rs. 13¾ lakhs spent on rolling stock in the previous half-year. This is the expenditure incurred on the Shencottah-Quilon line up-to-date.

(*b*) The liability consists of (1) the debenture loan of £ 29,517 bearing interest at 6½ per cent, (2) the debenture loan of £ 49,149 bearing interest at 6½ per cent. since renewed at 4½ per cent. for two years; (3) the debenture loan of £ 2,87,125 bearing interest at 6 per cent; and (4) the advance of about Rs. 76 lakhs made by the Secretary of State.

(*c*) The debenture loans were first issued by the Home Board of the South Indian Railway Company at 3½ per cent interest under the guarantee of the Government of India, the State agreeing to underwrite the guaranteed interest on the cost of constructing the line.

(*d*) When the loans were subsequently renewed by the Railway Company as they fell due, they had to be renewed at the rates then prevailing in the London market for such securities.

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(*e*) The Government have no information in regard to the first part of the question. The rate of exchange in September, 1919, ranged from 1 sh. 9 $\frac{31}{32}$ d. to 2 sh. $\frac{5}{8}$ d. a rupee or much more than Rs. 6-as. 14 per £.

(*f*) & (*g*) The loans referred to in (*b*) are not separate issues on behalf of the State but form part of loans issued by the Home Board of the South Indian Railway Company. Under the terms of the Travancore contract, the State cannot claim to discharge its liability by paying off the debentures until the date on which the principal contract between the Secretary of State and the Railway Company terminates, *i. e.*, until 1945. In the meantime, the State may, if desirable, try to purchase the bonds as any other private party in the open market, but there is no advantage in adopting this course since the Sinking Fund for the repayment of the liability is invested in equally good or better securities in India. It will be seen from (*b*) that a portion of the English Loan now carries a rate of 4½ per cent. interest only, which is less than the interest the State gets on its sinking fund investments.

MR. N. PADMANABHA PILLAI: With reference to the answer to part (*c*), may I know when the loan that was originally raised at 3½ per cent. fell due and why the sinking fund that was at the disposal of Government was not utilised to redeem a portion of the debt at that time?

MR. K. GEORGE: As regards the dates on which the loans fell due, they fall due at various dates, and information is being obtained as to the earliest date on which they fell due. As regards the purchase of the loans, the question has been already replied to in (*f*) and (*g*).

MR. N. PADMANABHA PILLAI: That concerns the subsequent loans that are repayable in 1945. Why were opportunities not taken to repay the prior loans as they fell due?

MR. K. GEORGE: There is no subsequent loan. When the loans were first raised, they were raised by the Home Board and renewed on different dates.

MR. N. PADMANABHA PILLAI: May I know the different dates?

MR. K. GEORGE: I must have notice of that question.

MR. N. PADMANABHA PILLAI: May I also know whether, when the re-issue of these loans from 3½ per cent to an increased rate of interest was made, the re-issue was made with the consent of the State?

MR. K. GEORGE: No.

MR. N. PADMANABHA PILLAI: In regard to the answer to part (*e*) am I to take it that the Financial Department in the State is not keeping in touch with the loan that is raised in England by the State, and that the department is not watching the movement of the prices of these loans in the English market?

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[Mr. N. Padmanabha Pillai.]

MR. K. GEORGE: It is clearly stated that the loan was raised by the Home Board of the South Indian Railway Company and that the Finance Department has no information, and no means by which it can obtain information regarding the fluctuations in the London market.

MR. N. PADMANABHA PILLAI: May I ask whether there was any offer from any private gentleman to purchase a portion of this security at the English market at minimum cost?

MR. K. GEORGE: I am not aware of it.

Sinking Fund and other investments.

95. MR. N. PADMANABHA PILLAI: (*a*) Will the Government be pleased to state in what securities the Sinking Fund of Rs. 23 lakhs already created to discharge the liability on account of the Shencottah-Quilon railway is invested? What is the amount invested in each of these securities and what interest do they carry?

(*b*) Will they also state how much out of the Rs. 81 and odd lakhs invested in the Government of India Pro-notes and debentures is in 3 1/2 per cent., how much in 5 per cent., how much in 5½ per cent., and how much in 6 per cent?

(*c*) What is the present value of these securities?

MR. K. GEORGE: (*a*) The total of the Sinking Fund is Bh. Rs. 22½ lakhs or Rs. 22,90,178-16 chs. 0-c. in Sirkar currency. This amount is invested in two Government of India securities, of which Rs. 16,28,571-12 chs. 0-c. is in the 5 per cent. loan of 1945-1955 and the other, Rs. 6,61,607-4 chs. -0c., is in the 6 per cent. loan of 1931.

(*b*) At the beginning of 1097 the surplus investment of the State was Rs. 81,34,408-26chs. -0 c. A portion of this amount, *viz.*, Rs. 4,07,142-24chs. -0 c. was in the Imperial Bank as a fixed deposit, and this was drawn during the course of the year. The remaining amount, *viz.*, Rs. 77,27,266- 2 chs. 0 c., is in the Government of India securities. Of this Rs. 12,22,039-8 chs. -0c. is in the 3 per cent. loan of 1896-1897; Rs. 39,60,583-26 chs. -0c. is in the 3½ per cent. loan of 1879; Rs. 10,17,857-4 chs. -0c. is in the 5½ per cent war bonds of 1925; and Rs. 15,26,785-20 chs. -0c. is in the 6 per cent. loan of 1930.

(*c*) The approximate present value of these securities is given below:—

3 per cent paper	...	Bh. Rs.	50.
3½ per cent. Do.	...	„ „	57½ to 59½.
5½ per cent Do.	...	„ „	100 to 101.
6 per cent. Do.	...	„ „	100 to 101.

State debenture loan of 1091.

96. MR. N. PADMANABHA PILLAI: (*a*) Will the Government be pleased to state what the present value of the Travancore debenture bond is?

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